REMARKS

Claim 1 is amended to overcome the rejections of record. Claims 2 and 3 are cancelled without prejudice. Claims 1 and 4-26 remain with no claim previously allowed.

Claims 1-14 were rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter. In response thereto, Claim 1 is revised to recite instances requiring the use of technology. For example, Claim 1 now requires "obtaining by means of a processing device the current central inventory records maintained by the processing device". The applicants respectfully submit that Claims 1 et al., as amended, require the use of technology and thus fall within the technological arts, and that those claims are not drawn to a mere method of producing a disembodied data structure. Accordingly, the applicants submit that Claims 1 et al. are statutory under 35 U.S.C. § 101.

Claims 1-6 and 14 are rejected as anticipated by the "admitted prior art" (hereinafter "APA"), as described in the background section of the applicants' specification on pages 1 and 2. The applicants respectfully traverse this rejection, at least as possibly applied to the amended claims.

The APA contained on pages 1 and 2 amounts to the statement that centralized inventory systems are known for maintaining items in central inventory for particular field locations supplied by the central inventory. The APA points out the importance of maintaining an accurate inventory record, and also states (page 2, lines 4-26) problems encountered with the conventional practice for write-ons and write-offs, when a periodic recount of the inventory reveals discrepancies not accounted for by the count of the

central inventory record. The APA, in other words, points to the problems solved by the present invention, but does <u>not</u> anticipate the solution of that invention.

Turning to Claim 1, that claim now defines the present method for dealing with discrepancies in the number of instances at the current central inventory record, for a product type between a particular location assignment and a different location assignment. This method includes reducing the count of the current central inventory record by detecting excessive instances of the product type at the particular location assignment, and removing enough instances of the count having the particular location assignment <u>to equalize the number of instances with the number of instances at the different location assignment</u>. When the difference for the particular product type indicate a <u>shortage</u> in the count at the central inventory record, the method further calls for adding the difference to the count of that record for the particular product type <u>and</u> providing a location assignment to each instance added to the count. This location assignment is determined by detecting a shortage of instances of the count for the product type, for the particular location assignment, relative to a proportionate amount and providing the particular location assignment to one or more of the added instances.

Comparing the method now defined by Claim 1 to the APA, it is evident that nothing in that APA comes close to anticipating the above-discussed elements and the overall method-element combination required by that claim. The APA merely states the problem, not the solution provided by Claim 1 to that problem. Accordingly, Claims 1 et al. are novel over the APA.

Claims 7-13 and 15-26 stand rejected under 35 U.S.C. § 103 (a) as being unpatentable over the APA. The rejection, pointing out that techniques such as FIFO,

LIFO, average, and weighted average are known in the valuation of inventory, asserts

that it would have been obvious to one of ordinary skill to have modify the method

described in the APA to perform as required by the rejected claims.

The applicants respectfully traverse this rejection.

First of all, Claims 7-13 depend from Claim 1 and contain the limitations

discussed above regarding that parent claim. Furthermore, Claims 15-26, although

reciting a system for reconciling a central inventory record, include limitations equivalent

to those discussed above regarding the novelty of Claim 1 vs. the APA. Thus, Claim 15

calls for the processing device to "... add the difference to the count of the current

inventory record for the product type and providing a location to each instance added to

the count by detecting a shortage of instances... for the particular location assignment

relative to a proportionate amount and providing the particular location assignment to one

or more of the added instances...". That particular function is nowhere described or

discussed in the APA, which merely points out a problem area solved by the present
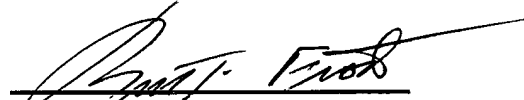
invention.

The applicants do not question the existence of conventional accounting

techniques such as LIFO and FIFO. However, knowledge of such conventional

techniques alone, without more, cannot lead to one of ordinary skill to provide the

specific combination of claimed elements with regard to adjusting inventory differences

for a particular product type, at different locations, with respect to the count of the current

central inventory record. The rejection of claims as obvious over the APA is based only

on the examiner's opinion, unsupported by any citation of art, that everything in the

claims would have been obvious based only conventional accounting techniques. The

applicants respectfully submit that such a rejection requires hindsight and is based on the applicants' own teachings. Absent those teachings, the applicants submit that nothing in the APA would have directed one of ordinary skill to produce their invention as here claimed. Accordingly, Claims 7-13 and 15-26 are patentable over the APA.

The foregoing is submitted as a complete response to the Office action identified above. Accordingly, the applicants request a Notice of Allowance directed to all claims remaining in this application.

Respectfully submitted,

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Date: September 22, 2005

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